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The Distributive Implications of Welfare Reform Packages
The Italian case during and after the Great Crisis

Abstract

The paper analyzes the pension reforms implemented during and after the Great Crisis in Italy (2011-2019), and evaluates whether a recalibration of the pension system and, more in general, of the Italian welfare state was involved. More specifically, through a multidimensional theoretical framework, the article assesses the distributive implications of the pension reforms not only within the pension realm but also by considering their interplay with those reforms that occurred in three specific sectors - namely, the labor market, the family, and anti-poverty policies. Pension reforms therefore are analyzed in terms of *welfare reform packages*, where old and new policy instruments from different social policy fields are included. The work shows that recalibrating the Italian welfare state is still very difficult.
Keywords: Pension Policy; New Social Risk Policies; Reform Packages; Welfare Reforms; Recalibration

1. Introduction

The first two decades of the Age of Permanent Austerity (1990s-2000s) were characterized in Italy by crucial reforms in all the main social policy areas, especially in the pension policy realm. Indeed, the hypertrophic Italian pension system was the first target in a wave of far-reaching reforms that tried to fix its traditional, long-term shortcomings. In parallel, the labor market and family policy realms experienced several changes as well. Nevertheless, the traditional distributive and functional distortions of the Italian welfare state were far from being eliminated. New social risk policies continued to be poorly prioritized, and the gap between insiders and outsiders did not diminish.

The outbreak of the economic and financial crisis at the end of the 2000s has revealed once again the weaknesses of the Italian welfare state, in particular when considering pension policy. As a consequence, during and after the last decade's crisis, policy makers were increasingly pressured by two different, but interconnected, demands. On the one hand, there was the need to guarantee the short- and long-run financial sustainability of the pension system, and, on the other hand, the compelling need to ensure adequate coverage of the new social risks, both within the pension sector as well as the other social realms. This demand has pressured national governments to shift the scarce resources at their disposal away from pension expenditure by targeting the labor market *insiders* and to reallocate money to the long-neglected *new* social policy instruments to benefit the *outsiders*. The crisis therefore has showed the urgent need to *recalibrate* the Italian pension system, and, more generally, the Italian welfare state. The question is whether that was the case.

This paper will analyze the pension reforms implemented during and after the Great Crisis in Italy, and assess whether they have implied a *recalibration* not only of the pension system but also of the whole Italian welfare state. More precisely, relying on a multidimensional theoretical framework (Haüsermann, 2010; 2012) in which both the *old* and the *new* policy instruments have been taken into consideration, the work will reveal whether cuts to insider pension benefits and rights were compensated with the expansion of *new* rights and benefits for outsiders, not only in the pension sector but also in three specific policy realms, i.e., the labor market plus family and anti-poverty policies. These three policy areas were selected since their "new" policy instruments have been historically overshadowed and systematically underfinanced by Italian governments.

In other words, the goal of the article is to assess the distributive implications of the reforms not only within the pension realm but also by considering their interplay with the "new" social policies. By doing so, the work will analyze pension reforms in terms of *reform packages* in which *old* and *new* policy instruments from different social policy fields are included.

More specifically, the article will investigate the pension reforms triggered by the Great Crisis, implemented by the Monti technocratic government (the *Fornero Reform),* the predominantly center-left governments (*APE and APE social*) and, finally, by the short-lived Lega-M5S government (*Quota 100*)[1]. At the same time, the work will analyze systematically the interplay of such reforms with any innovations in the labor market and the family and anti-poverty policy realms introduced by these governments.
From a methodological point of view, the paper has combined a qualitative policy analysis of the main reform packages of the last decade with a historical analysis that traces back the political dynamics of these reforms. The content analysis is based mostly on primary (e.g., legislative texts, official government documents) and secondary sources, which has enabled locating the reforms within a bi-dimensional space of reforms.

The article is structured as follows. First, some theoretical considerations will be made concerning the multidimensional space of policy reform. Second, the main features of the Italian pension system and its main developments in the 1990s will also be briefly recalled. Thirdly, the recent wave of pension reforms implemented during and after the *Great Crisis* and their interplay with other reforms in the three policy realms previously mentioned will be illustrated. The last part of the paper is devoted to conclusions.

2. The Multidimensional Space of Policy reforms: Theoretical Considerations (1070 vs. 1242)

The new social risks/social innovation literature has underlined that, in parallel with the emergence of new social risks due to changes in the economic, social and demographic structures of the Western countries, it is now possible to distinguish between "old" and "new" social policies (Hausermann, 2010; 2012; Gingrich and Ansell, 2015; Garritzmann *et al*., 2016). Old social risk policies (OSRPs) deal with welfare coverage of the typical risks of income and job loss that were prevalent in the industrial society. Risks are covered by means of income protection, i.e., passive transfer and/or labor rigidity. In contrast, new social risk policies (NSRPs) cope with such risks that have emerged in the new post-industrial society as long-term and youth unemployment, insufficient social security coverage, precarious employment and in-work poverty, and unsatisfactory work-care reconciliation (Hemerijick, 2015). NSRPs can be divided into three sub-groups (Hausermann, 2012; Giuliani, 2019). *Activation/social investment* policies focus on employability and activation. *Need-based* social policies provide social protection, which is less dependent on labor-market participation and previous income than the old welfare schemes. Finally, *new insurance-based* labor market policies target the outsiders, but here their enhanced social protection is provided through a classic insurance logic, and not through need-based instruments.
It is important to underline that it would be wrong to classify the entirety of a social policy as NSRPs. Rather, it is more appropriate to say that there is an *old* and a *new* pension policy, an *old* and a *new* family policy, etc., characterized by different *policy instruments*. Table 1 shows a non-exhaustive list of old and new policy instruments in the pension, family, labor market, and anti-poverty policy realms[2].

[Table 1 near here]

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[1] The reform packages of the Berlusconi government (2008-2011) are not part of this analysis. While it is true that the government introduced several (retrenching) measures for dealing with the deteriorating economic conditions, the peak of the crisis was in 2011 and was essentially managed by the Monti government.

[2] Most of the advanced economies have promoted a minimum income scheme already during the Golden Age, therefore for those countries this measure can be considered as an *old* anti-poverty policy instrument. However, until 2017 Italy lacked a minimum safety net in the case of uninsured unemployment. Therefore, for the Italian case, such a measure can be seen as a new anti-poverty policy instrument.

A high number of the welfare reforms undertaken in the last few years have involved the expansion and/or retrenchment of *both* OSRPs and NSRPs. In other words, the new policy space of welfare reform has become *multidimensional* (Hausermann, 2012). Policy reforms, therefore, can have four different directions: *expansion, recalibration, retrenchment,* and *welfare protectionism* (Table 2).

[Table 2 near here]

Expansion combines the expansion of the OSRPs and the NSRPs. Old social rights and/or benefits for the insider group are maintained untouched, while the benefits and/or rights of the outsider group are expanded in parallel.

Retrenchment, by contrast, means that the insiders' existing rights and/or benefits are cut without offering compensation to the former beneficiaries and without allocating the savings to NSRPs.

Recalibration implies a retrenchment of the OSRPs while, at the same time, expanding the NSRPs to compensate for the losses, therefore responding to two different needs. On the one hand, it aligns the national welfare states to changing economic conditions by cutting the level of the *old* benefits and social rights, thus guaranteeing their financial sustainability in the short and the long term. The logic is therefore that of *rationalizing* the functioning of the welfare state. On the other hand, it fixes the historical mismatch by reallocating the savings towards the NSRPs, that is, by updating the system (Pierson, 2001).

Finally, the expansion of the traditional income protection policies coupled with the cut of the NSRPs, leads to *welfare protectionism*.

Pension reforms therefore take place in this multidimensional space, where both old and new pensions can be expanded and/or retrenched.

However, in the era of Permanent Austerity, and particularly in parallel with the Great Crisis, pension reforms have very often been coupled with the introduction of changes (more or less comprehensive and radical) in other social policy fields. In other words, the governments of the advanced economies increasingly tend to adopt *reform packages* containing *old* and *new* policy instruments that belong to *different* policy areas.

For this reason, it would be misleading to analyze a reform in the pension field without considering its *interplay* with those reforms promoted in other policy areas. This is particularly true if we want to assess whether such a reform goes in the direction of recalibration.

Indeed, as explained before, recalibration implies that cuts in the *old pension policy* are compensated with new benefits and social rights. Compensation can fall within the pension realm. For example, increasing of the pension age could be compensated with the establishment of pension credits for child-rearing (to the benefit especially, though not exclusively, of women).

However, compensation can also take place in other policy fields, such as the labor market or family policy. Increasing of the pension age can thus be coupled with the expansion of universal childcare, to the benefit, in particular, of the women. This measure not only would help to cover the new social risk regarding work-family reconciliation, but would positively impact their future pensions. Indeed, as underlined by the literature, universal childcare has a positive impact on women's chances of finding a paid job and, therefore, of making sufficient contributions towards a decent pension upon retirement.

At the same time, cuts in other policy realms can be compensated by the expansion of new pension policy instruments. For example, when considering countries with defined-contribution pension systems, a reform aimed at deregulating and making the labor market more flexible - implying more fragmented work histories - could be coupled with corrective measures to ensure that even atypical workers may have future access to a proper pension.

Therefore, when analyzing pension reforms, it seems more accurate to treat them as *welfare packages*, where several policy instruments *within* the pension field and *across* other social realms can be traded off. Focusing on *reform packages* is thus essential for evaluating their real distributive implications.

4. Reform Packages in Italy during and after the Crisis

The Italian pension systems were developed around the concept of the "standard employment relationship" (SER) typical of the industrialized *Fordist* economies. Until the early 1990s, the system was essentially mono-pillar, with a narrow scope for occupational and private pensions (Bonoli, 2003). In any case, in Italy, this pillar developed in a hypertrophic and fragmented way. While *insiders* were highly protected, very little was done for *outsiders*. The only serious measure of benefit to this social group was a means-tested *social pension* for those elderly who have not made the minimum contributions for a regular old-age pension (Jessoula and Alti, 2010).
In brief, between the 1950s and the end of the 1980s, the Italian pension system developed chaotically, fostering fragmentation and inequalities among workers. Since the bulk of social expenditure was historically allocated to pensions and targeted to insiders, very small or no room was left for maneuvering coverage of other social risks, especially the new ones.
At least during the Golden Age, reforms in Italy were therefore characterized by welfare protectionism, where insider benefits (especially in the pension realm) were maintained or even increased, while outsiders were left with little or no protection.
During the first two decades of the Permanent Austerity era - before the 2008 crisis erupted - several welfare reform packages were implemented. These reforms occurred in all the social policy realms and implied both OSRP retrenchment as well as some forms of NSRP expansion, with the latter remaining extremely modest.
The main change in the pension system was represented by the reform implemented by the Dini technocratic government in 1995. This reform was based on the principle of actuarial neutrality and turned the Italian defined-benefit pension scheme (DB) into a defined-contribution one (DC). A posteriori, the Dini reform was an attempt to recalibrate the Italian pension system by retrenching old instruments and expanding new ones only to a limited extent. However, such a recalibration was not very effective. Indeed, the reform had a long phase-in period, due to which it did not really touch acquired pension rights. The cost of retrenchment thus was only partially offloaded to the current generation, and almost totally to future ones, thus *saving* those who traditionally had more benefits (Patriarca and Patriarca, 2015). The long phase-in period meant that the reform's financial savings were more limited and therefore it did not truly contribute to reallocating resources to other new social risks *within* the pension realm and *across* the other social policy areas.
Let us now focus on the welfare reform packages triggered by the Great Crisis

4.1. The Monti Government

In comparison to other countries, Italy felt the effects of the economic and financial crisis more severely. In 2011, after Silvio Berlusconi's resignation, a package of austerity measures combined with a liberalization agenda was adopted by Mario Monti's new technocratic government. The goal was to rebalance the country's disastrous financial and economic conditions, obviously involving measures in the pension realm.
The Fornero Reform was passed with the *Decreto Salva-Italia* (Save-Italy Law) in December 2011. It would be incorrect to state that the reform represented a radical break with the past. Indeed, it was in line with the 1995 Dini reform as it introduced an accelerated introduction of the DC system and some additional retrenchment elements that did not represent a radical departure from the earlier reform. The Fornero reform thus has had the merit of softening the generational divide created by the long phase-in period of the Dini Reform. Indeed, since 2012, all workers have been subject to the DC scheme (at least for the remaining part of their working lives); however, the acquired rights of those already retired using the DB formula were not touched. Put differently, the Fornero reform eliminated the Dini reform's long phase-in and made the system less generous. Therefore, it may be considered

the final step on the long pension-reform path undertaken in the 1990s to guarantee the sustainability of the hypertrophic Italian pension system[3].

More specifically, the Fornero reform contained a substantial retrenchment of the *old* pension policy combined with cuts in some of the *new* policy instruments, to the detriment of both insiders and outsiders.

Focusing on the retrenchment side, the reform increased the minimum pension age, which is supposed to be 67 in 2027. Secondly, it has changed the automatic indexing mechanism to life expectancy - which has become three-year and, since 2019, biennial. Thirdly, it has not abolished seniority pensions but has tightened access further. Indeed, early retirement at 63 is possible only for those workers totally subject to the DC system and only if the final pension amount is 2.8 times the social pension. For those under the pro-rata system (a mixed DB-DC system), access to the seniority pension has narrowed further. It follows that only the upper-middle class pensioners actually benefit from this rule, while those with lower pensions - who are likely to have greater job insecurity and thus the most in need of an early retirement - are *de facto* and *de jure* excluded.

Furthermore, lower pensions are further disadvantaged as the reform requires a late retirement at age 70 or beyond in case the worker complies with the pension age criterion but his final pension amount is less than 1.5 time the social pension.

In brief, if the reform, on the one hand, succeeded in reassuring the financial markets and the European Union of the long-term sustainability of the Italian pension system, it worsened those shortcomings of the Dini's reform, on the other. Put another way, it was once again a Fordist reform in an increasingly flexible and insecure labor market. Indeed, as some authors have pointed out (Jessoula and Raitano, 2015; Leombruni et al., 2015), the system will be able to guarantee a decent replacement rate in the future, only for those with long working careers and for the *lucky minority* who have enrolled in supplementary schemes. Furthermore, the reform did not take into consideration the different types of jobs and their correlation to life expectancy - with insiders having a higher life expectancy and mid-siders/outsiders a lower one, as suggested to a large extent by empirical research.

Even as regards new policy instruments, the reform presents several shortcomings. First of all, it has increased the minimum contributory period from 5 to 20 years. This measure goes against the flexibility trend of labor, where newcomers, as already emphasized, are likely to experience several work interruptions. For them, it will be increasingly difficult in the future to receive a pension, with a high risk of experiencing poverty in old age. Secondly, it did not do anything with the second and third pillars by making their access easier for outsiders who, are excluded effectively from them; whereas, in the absence of proper coverage by the public pillar, they are supposed to be those most in need of complementary pension coverage. The Fornero reform, therefore, goes in the *retrenchment* direction. The cuts of the *old* pension rights and benefits were not compensated by the expansion of the *new* ones. However, when analyzing the welfare reform packages, some compensation measures can be identified in the other policy realms. Nevertheless, these have remained very modest and the reallocation of the (scarce) resources are insufficient to properly cover the new social risks.

In labor market policy, the Monti government introduced a new unemployment benefit system, the ASPI (Assicurazione Sociale per l'Impiego). The instrument replaced all previous unemployment benefits and was more generous in terms of the amount and length of benefits. The measure can be seen *as new insurance-based* policy instrument, benefitting the unemployed. However, the ASPI has kept intact the contributory and seniority requirements, making its access very complicated for a large number of workers, in particular the atypical ones. Finally, the reform

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[3] Though some elements contradictory to the contributory system's logic were included, in particular the very restrictive conception of flexible age

did not provide a real improvement with regard to the ALMPs, which continued to lag behind the European level.

Concerning family policy, the government did not reverse the draconian cuts in the social care and social assistance expenditures initiated by the center-right governments in 2008. Indeed, these expenditures dropped by 3.5% between 2009 and 2012 (Pavolini and Lèon, 2014). During that time period, the expenditure for family/children benefits as Euros per inhabitant declined from €337.39 to € 302.45 (Eurostat). Very little was done in terms of work-family reconciliation. The government introduced a paid one-day compulsory leave to be granted to the father at the same time as the paid maternity leave, plus two days of paid leave in replacement of maternity paid leave. It also introduced a *babysitting/childcare voucher* that aimed at lowering the cost for childcare, provided by both public and private daycare centers or by child-minders[4]. Though an improvement compared to the previous situation, the measures did not really compensate for the cuts in the old pension policy.

Finally, the Monti government did not introduce a minimum income guarantee. However, it showed new interest in the poverty issue, introducing a New Social Card, more generous than the one promoted by the previous Berlusconi government. Despite this effort, the resources allocated were scarce (50 million euros) and the measure was implemented only on an experimental basis in the 12 largest Italian cities (Jessoula and Natili, 2019).

To summarize, the focus of the welfare reform packages implemented by the Monti government was primarily on the *financial sustainability of* the system. Even though some of the measures implemented followed a *recalibration* logic, the scope for this recalibration was extremely limited. In other words, during the heat of the crisis, the *updating* of the Italian welfare state was only a second-order goal.

4.2 The Predominately Centre-left Oriented Governments

The 2013 national elections took place amid the general malcontent of the population due to the austerity measures. The main outcome of the elections was the appearance of the M5S, a new populist actor in the political competition. Following the elections, a grand coalition was formed between the PDL and the PD, guided by Enrico Letta. This government fell in February 2014 and was replaced by a new coalition between the PD and a small new party, the New Centre-Right (NCD), under the leadership of Matteo Renzi. This latter moved the PD toward Third Way positions that were increasingly appealing to the middle class. Nonetheless, in 2016, Renzi resigned as a consequence of the defeat of a constitutional referendum, and was replaced by Paolo Gentiloni.

Under the predominately centre-left oriented governments, a new wave of reforms in the welfare state realm was implemented.

In the pension realm, the Fornero reform was not dismantled. However, the need to guarantee financial sustainability was coupled with social equity measures. In other words, the PD governments introduced some corrective measures that went toward the expansion of the *new* pension policy.

Among all of the innovations, four measures need to be recalled. First of all, the APE (*Anticipo finanziario a garanzia pensionistica*), a financial advance pension that allows individuals who have reached age 63 with 20 years of contributions to take out a loan from a financial institution backed by future pensions. This instrument acts as an early-retirement scheme, but it is neutral for public finances since the cost is charged to the applicant (OECD, 2019).

The other three innovations can be seen as two need-based policy instruments. The first measure is the APE Social, a separate early-retirement scheme for some vulnerable groups[5] . Eligibility requires reaching 63 years of age and having made between 30 and 36 years of contributions. In this case, the cost for its financing is entirely borne by the State. The second measure is a package of further

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[4] In order to be entitled to this benefit, the mother had to waive parental leave.

[5] The long-term unemployed, persons with disabilities or those assisting the seriously disabled, and selected 'demanding' occupations

advantages for the early workers, who have at least 12 months of contributions paid before the age of 19 and who find themselves in particularly disadvantageous conditions, as well as for those workers employed in strenuous jobs.
Finally, the fourth main innovation was the PD governments introducing the right to accumulate contributions from different pension schemes, thus facilitating access to old-age pensions for those workers with fragmented careers.

Given that the measures introduced did not reverse the cuts of the Fornero reform in the old pension policy but were limited to expanding new pension policy instruments, they can be conceived as a *recalibration of the Italian pension system*, correcting some of the previous reform's shortcomings. In particular, the principle of a pension system being equal only if it guarantees the same rule for all – in other words, actuarial neutrality - was questioned. Indeed, the introduction of these new measures took into consideration the differences among the workers in a very fragmented labor market (Jessoula, 2017). Nevertheless, the reform has its limits.
First of all, the APE is extremely expensive for the applicants. Furthermore, it provides a pension amount threshold to access equal to 1.4 times the minimum pension. The result is that only the middle and upper social classes can benefit from this measure, while those who would be most in need - especially those belonging to the working class[6] but which cannot be eligible to the APE social - are effectively excluded.
Secondly, while the APE Social undoubtedly represents an improvement in guaranteeing social equity, it has stringent eligibility criteria, and therefore, many workers cannot access it.
Finally, the reform did little for the new generations. The second and third pillars were not strengthened, nor was a citizenship pension discussed.

The expansion of *new* policy instruments can be detected also in the other three social policy realms. In this case, it can be said that the savings produced by the Fornero reform's cuts have been partially addressed so as to expand NSRPs. Nevertheless, this expansion had several limits, especially in the implementation phase.

In the face of deregulating the labor market, the Renzi government promoted a new quasi-universal unemployment benefit, NASPI (*Nuova assegno sociale per l'impiego*). Compared to ASPI, implemented by the Monti government, this new instrument relaxed the eligibility criteria and therefore managed to cover almost all salaried workers, including atypical ones.
The reforms also introduced important innovations to the activation/social investment realm. It established a new national agency for active labor market policy, called ANPAL with the object of tackling the fragmented governance of the Italian public employment service. It also introduced the outplacement allowance, a new voucher for the long-term unemployed that could be spent on labor market integration services provided by public or private agencies.
While such measures in the decision-making phase followed a recalibration logic, their effectiveness in the implementation phase has been much more dubious. ALMPs' expenditures have remained quite low. In particular, the financing of LM services and training continued to be insufficient in 2015 (respectively, 0.04% and 0.17%). Furthermore, the rejection of the 2016 constitutional referendum depowered the role of the ANPAL. If it had been approved, it would have returned ALMPs to the control of the central government. These policies have continued to be in the hands of the regions. Moreover, the ANPAL does not have the power to impose a centralized strategy. Differences between the northern and southern regions in terms of ALMPs of the country thus have not been eliminated.

In the family policy realm, the government promoted the expansion of childcare - though through the use of vouchers and with a strong reliance on the private sector. The government confirmed the Monti's *babysitting/childcare voucher* and introduced a new Bonus Asilo Nido, a non-means-tested cash transfer to partially cover the cost of public or private childcare services. Mostly

[6] First of all, blue collars and the service low-skilled workers, using Daniel Oesch's terminology

important, in 2017, the Gentiloni government introduced as part of the *Buona Scuola* law an integrated education system that recognizes childcare for 0-3 year olds as an individual right within the public educational system and not as a welfare service. Finally, when looking at work-family reconciliation measures, the Renzi government in these years tried to improve parental leave by extending its length and scope. At the same time, the obligatory paternal leave was increased from 2 to 4 days. While these reforms go in the direction of recalibration, the scope of this recalibration remains limited. Expenditures for pre-primary and primary education did not scale up (1.2% in 2017) and continued to be drastically lower compared to other countries, such as Sweden (4,3%). The number of public daycare services did not increase, and coverage has remained very low even considering private market provisions. Furthermore, the *Buona Scuola* did not eliminate co-payments and, consequently, the cost of childcare remains very high. Lastly, the very modest increase in paternal leave did not have a real impact on an equal redistribution of caring tasks at home. At the same time, the parental-leave replacement rate was maintained at a very modest level (30%), which has discouraged men from taking it.

Finally, in the anti-poverty realm, the Jobs Act established universal unemployment assistance, the *assegno sociale per la disoccupazione* (ASDI), which was followed by experimentation with a minimum income scheme (the "*Sostegno per l'inclusione attiva*", or SIA), was replaced in 2018 by the REI, the "*Reddito di Inclusione*." Both universal and selective, the REI was directed towards 1.8 million citizens. This was the first time that Italy implemented a minimum income guarantee. However, even in this case, the economic resources allocated to the program have remained quite modest.

In general, the reform packages of the predominately center-left governments went in the *recalibration* direction. However, the effectiveness of this recalibration has remained modest, especially in the implementation phase. New pension-policy instruments were developed, to the outsiders' benefit. Nevertheless, in the face of increasingly interrupted working lives, such instruments do not seem to be sufficient to guarantee new generations income security in old age. On the other hand, the governments have re-allocated financial resources towards new social-risk policies, by expanding new policy instruments. Though this expansion represents an *updating* of the Italian welfare state, the scope of this *updating* shows several limits.

4.3 The Lega - M5S Government

If the 2013 elections represented a turning point, the 2018 ones can be fairly considered a political earthquake. The PD received a drastic drop in consensus, especially among the working class. The real winners were the Lega and the Five Star Movement (M5S). After two months of bargaining, the two parties decided in May to sign an agenda-setting contract and form a coalition government guided by Giuseppe Conte. The government fell after only 14 months, in August 2019.
The Lega/M5S government's reforms need to be analyzed by taking into consideration that they are a compromise between two different populist parties, with quite diverse backgrounds and political priorities. The reforms in the labor market, family and anti-poverty policy fields were therefore the outcome of the *contract* signed by the two parties and of their mutual concessions. The ministry assignments reflected the internal division of the issues and, therefore, of the competences. Luigi Di Maio, the leader of the M5S, was appointed as Minister of Labour and Social Policies, while Matteo Salvini took the role of Minister of Home Affairs. It can therefore be said that, within the government, welfare-state policies are apparently mostly in the hands of the M5S, while issues connected with security and order (first of all, migration) are managed directly by the Lega. Nevertheless, the Lega affected considerably the direction of reforms in the pension policy and family policy realms.
In the pension policy realm, the Lega promised during the electoral campaign to dismantle the Fornero reform, which penalized the bulk of the Lega's constituency - that is, insiders, male workers from the northern regions. While this did not happen, the new reform, known as Quota 100, was

approved by the Lega-M5S, undoubtedly re-allocating the (scarce) financial resources of the Italian welfare state towards the expansion of the *old* pension policy to the benefit of the insiders.
Focusing on its content, Quota 100 acts as an early retirement scheme. Eligibility requires reaching 62 years of age and having made 38 years of contributions. The reform, therefore, allows workers to retire *five* years earlier, with a very limited penalization in terms of the final pension amount. Indeed, the penalty applies only to the pension amount calculated through the contributory system. The reform targeted mostly those workers covered by the Dini Reform's mixed system in the bulk of the contribution years was calculated via a generous earnings-related system. It follows that such workers have an incentive for early retirement.
The reform was approved as an experiment for three years and then, from the government's perspective, would have been replaced by a new early-retirement scheme with only 41 contributory years.
With regard to the beneficiaries, an analysis of the first 130.000 applications has confirmed that the scheme benefits insiders, and, more specifically, private and public male employees, under 65 years old, covered mostly by the generous earnings-related system (Galasso, 2019). The cost of the reform was around €22 billion and was financed through deficit spending, causing a clash with the European Commission.
Given the high costs, it is clear that the maneuvering room for financing measures to cover old-age risks for outsiders was quite limited. In this regard, the only new measure introduced was the *citizenship pension*, a means-tested benefit for those which have reached the pension age (67 years) and have an income below the poverty threshold. The measure may supplement any pensions already paid out, and was set at €630 per month, plus a contribution of €150 for rent, making a total of €780 per month. As noted by Jessoula (2019), the citizenship pension is expected to cover the new social risks of poverty in old age by reducing that wide proportion of elderly people living in poor or very modest economic conditions[7]. The measure is undoubtedly a step forward vis-à-vis the coverage of the old-age risks for the current outsiders since they may benefit in the future from this measure and thus avoid poverty when retired.
It is, however, interesting to note that such a hybrid pension reform was associated with the expansion of *new* policy instruments in the other three policy fields taken into consideration.

In the labor-market realm, the coalition increased the ANPAL's budget in order to strengthen the job centers and to allow the hiring of 4.000 new employees (popularly known as "navigators") at the job centers, which would have taken charge of the *RdC* beneficiaries, helping them during the job-seeking process. At the time of the writing, it is still too early to assess the real impact of this measure.
Concerning the anti-poverty policy, the government introduced a citizenship income, the *Reddito di Cittadinanza (*RdC*)*, a selective income-protection scheme that was the M5S's electoral workhorse (a typical, need-based new-policy instrument). The RdC replaced the REI, though the changes between the two schemes have concerned mostly economic resources. In 2019, the new measure had a financial budget of €6 billion (against the REI's €2 billion) and is supposed to target 1.7 million families. The benefit is very generous for a single person (€780, one of the highest in Europe and well above the REI). However, it is more limited for larger families (on average, €500). Migrant citizens with less than 10 years of residency cannot be entitled to the RdC. Conditional to the benefit is the beneficiary activation, which include two instruments: a *job pact* and a *social-inclusion pact*. The pacts are signed by the applicant as well as by the job and the social service centers in the municipalities. Such pacts are supposed to help applicants enter or re-enter the labor market through orientation and job placement and/or to fight social exclusion through *ad hoc* projects. Therefore, it emerges that, at least on paper, the "activation" part of the RdC does not exclusively follow a workfare approach, but that social inclusion measures have also received particular attention.

Turning to the family policy field, the coalition promoted the expansion of new policy instruments as well, which were essentially in line with the previous government, but with some ambiguities. On one hand, the government increased paternity leave (from 4 to 5 days, plus one additional day to be deducted from the maternity leave). Nonetheless, the measure was guaranteed only for 2019 and leaves could only be taken within 5 months after the birth of a child. Furthermore, the government kept the *Bonus Asilo Nido*, with an improved financial budget. On the other hand, the coalition decided to eliminate the *babysitting/childcare voucher,* introduced by the Monti government and continued by the PD. It must be stressed that the coalition increased the integrated education system's budget for (by 10 million euro), therefore, maintaining the previous PD government's commitment to make primary care an individual right within the public educational system - at least on paper. It has to be said, that the replacement payment for parental leave was not increased, and geographical differences in childcare coverage have continued to persist.

To sum up, the overall reform package of the Lega/M5S governments went in the *Expansion* direction. The *substantial* expansion of the *Quota 100* pension policy -was followed by a *limited* expansion of a *new* pension policy instrument, the Citizenship Pension. Pension reform is therefore essentially *expansion-oriented*, but biased more toward *welfare protectionism*, since the bulk of the resources was addressed to financing *Quota 100*, to the benefit of insiders. However, expansionary measures in the pension realm were associated by the development of new policy instruments in the other policy fields, first of all the *RdC*.

In other words, the coalition tried to achieve both the *conservation* (and increase) of insiders' social rights, on the one hand, while, the *updating* of the Italian welfare state, to the benefits of the outsiders, on the other. To achieve these two goals, both Quota 100 and RdC were financed through deficit spending. Thus, the financial sustainability of the reforms - and of the system in general - was not a first-order goal of the coalition.

Table 3 sums up the directions of the reform packages, taking into consideration the *old* and *new* pension, labor market, family, and anti-poverty policies, - implemented since the outbreak of the crisis.

[Table 3 near here]

8. Conclusions

This paper has analyzed the pension reforms implemented during and after the Great Crisis in Italy. Moreover, it has assessed whether they have involved a recalibration of the pension system and, more in general, of the Italian welfare state. Through a multidimensional theoretical framework, this article has assessed the distributive implications of the pension reforms not only within the pension realm but also has considered their interplay with those in the three specific sectors - namely, the labor market, the family, and anti-poverty policies. The work has therefore analyzed pension changes in terms of reform packages, where old and new policy instruments from different social policy fields are included.

The analysis of the reforms has led to mixed results.

During the Monti government (2011-2013), the Fornero reform, implemented during a severe economic crisis, aimed at guaranteeing the long-term financial sustainability of the Italian pension system. This goal was achieved by retrenching both the old and the new pension policy instruments, to the detriment of the insider and outsider social groups. While there was an expansion of some new policy instruments in other social sectors, it was extremely modest.

The PD governments (2013-2018) implemented a reform package that went in the direction of the recalibration, with, however, several limits. New pension policy instruments were developed, to the benefit of outsiders. Nevertheless, these new policy instruments seem not to have been sufficient for guaranteeing the new generations with income security in old age. On the other hand, the government re-allocated financial resources towards new social risks policies, but the expansion of these new policy instruments was toned down in the implementation phase

Finally, the reform packages of the short-lived Lega-M5s went towards *expansion*. Both old and new policy instruments were promoted, within the pension realm (in this case, more biased towards welfare protectionism) and across the other social policy fields. The coalition promoted both the conservation of the insiders' social rights (with Quota 100) and the updating of the Italian welfare state (especially, with the RdC), to the benefit of the outsiders. However, the financial sustainability of these reforms - financed through deficit expenditure - was not a first-order goal for the government.

The empirical analysis of the Italian case prompts some theoretical considerations.
First, after the outbreak of the financial and economic crisis, pension policy reforms have continued to take place in a *multidimensional space,* in which both *old* and *new* policy instruments are expanded and/or retrenched.
Second, pension reforms "enter into a conversation" with other social-policy sector reforms. Compensation for losses in the *old* pension policy can be found within the new pension policy, but also across the other policy realms. Pension reforms thus need to be analyzed in terms of *welfare reform packages*.
Third, reforms do not necessarily imply a *distributive trade-off.* The expansion of old policy instruments can be followed by extending new ones. In the case of the Lega-M5S government, it is more appropriate to talk about *political trade-offs.* The introduction of Quota 100, strongly supported by the Lega, and of the RdC, the M5S's electoral workhorse, was the outcome of a bargain between two very different political parties, with two diverse coalitions to be satisfied. In other words, *politics matters*. A coalition's composition is expected to affect the direction of its reform packages.
Fourth, recalibrating the Italian welfare state continues to be difficult. On one hand, retrenchment seems to be the only "player at the table" during harsh economic and financial crises. On the other, it is difficult for recalibration to take root when the economy recovers. While it can be the direction of reforms in the decision-making phase, its scope can be substantially toned down during the implementation step. Therefore, while welfare protectionism no longer seems feasible in Italy's changing economic and social structures, governments are still reluctant to reallocate resources from the OSRPs (primarily, pension) to the NSRPs. It follows that a credit-claiming strategy is better served by pure expansionary reforms. However, the long-term financial sustainability of such reforms is very weak.
Future work could expand the research scope by including other case studies from different welfare regimes and analyzing more in depth the *politics* of the welfare reform packages.
Concerning the Italian case, it will be crucial to assess the extent to which the health crisis triggered by the Covid-19 pandemic has impacted the re-allocation of resources.

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Table 1: *Old* and *New* Policy Instruments in the Labor Market and Family Policy Realms

	Old Instruments	***New Instruments***
Pension Policy	Pension benefits for insiders (Mainly through a mono-pillar pension system) Early retirement Early retirement specifically targeting female workers	Pension insurance coverage of outsiders (also via the second and third pillars) [NIB] Pension credits for child-rearing [NB] Universal minimum pensions [NB] Active Ageing [A/SI]
Family Policy	Passive benefits (family allowances/child benefits). Tax rebates (detractions and deductions for dependent relatives, other tax bonus) Long maternity leave	Childcare services [A/SI] Parental leaves Alternatives to maternity (non-compulsory) and parental leaves [A/SI] Flexible working hours [A/SI] Maternity leave for those women previously excluded [NB]

Labor Market Policy	Passive benefits (income-replacement) Job protection (regulation or re-regulation)	Unemployment benefits (insurance-based) for the outsiders [NIB] ALMPs (especially training and employment support). [A/SI] *Supplemental income to the working poor through a negative income tax e.g., tax credit* [NB] *Minimum income scheme* [NB]

Note: The *indirect* policy instruments are in italic
Legend: A/SI=Activation/Social Innovation policy instrument; NB=need-based policy instrument; NIB=new insurance-based policy instrument

Table 2. The multidimensional space of policy reforms: Policy Directions

	Expansion of OSRPs	**Retrenchment of OSRPs**
Expansion of NSRPs	*Expansion*	*Recalibration*
Retrenchment of NSRPs	*Welfare Protectionism*	*Retrenchment*

Table 3. Direction of the reform packages in the 2010s.

	Pension Policy		**New Social Risk Policies**			**General Direction**
	Old Pension Policy	**New Pension Policy**	**Labor Market**	**Family**	**Anti-poverty**	
Monti Government	Retrenchment (+++)	Retrenchment (+)	Very Limited Expansion	Very Limited Expansion coupled with cost-containment	Very Limited Expansion	*Retrenchment*
PD Governments	Maintenance of the Status Quo	Expansion (+ ½)	Expansion (+ ½)	Expansion (+ ½)	Expansion (+ ½)	*Recalibration (low effectiveness in the implementation phase)*
Lega-M5S Government	Expansion (+++)	Expansion (+)	Expansion (+ ½)	Expansion (+ ½)	Expansion (+++)	*Expansion*

Legend: +++ (High Expansion/Retrenchment); ++ (Medium Expansion/Retrenchment); + (Low Expansion/Retrenchment)